

## Congressman Bright Co-Sponsors Seniors Protection Act of 2010

MONTGOMERY, AL –

Congressman Bright recently co-sponsored the Seniors Protection Act of 2010, legislation that will provide seniors with a one-time \$250 payment in the event that seniors do not receive a Social Security cost-of-living-adjustment (COLA) in the fall. Last year, millions of seniors were shocked to learn that they would not receive a COLA. It was the first time since 1975- when COLAs were first issued automatically based on inflation- that seniors did not receive a COLA. The formula also applies to Supplemental Security Income and Veterans Administration Disability Pension and Compensation. If considered, this legislation would include a spending offset to make it pay-as-you-go compliant.

“Though the formula that determines COLAs indicated there was no inflation in 2009, clearly seniors’ actual cost of living continued to rise,” Bright said. “This may be the case again in 2010, but the millions of seniors and veterans who rely on Social Security take little comfort in a formula determined over 35 years ago telling them their cost of living hasn’t risen. This legislation will provide Social Security recipients a one-time, \$250 payment to help them make ends meet in a tough economy. This is a smart and sensible proposal, and I am pleased we are addressing this issue early to give seniors peace of mind about their Social Security benefits. As Social Security turns 75, this is a more than appropriate way to honor its legacy and provide our seniors, veterans, and persons with disabilities some assistance in economic hard times.”

Although the formula for determining COLAs showed no inflation in 2009, Medicare premiums and health care costs for seniors have continued to rise. Additionally, seniors’ additional income through IRAs, pensions, and general savings are still recovering from the economic downturn of the last several years.

To

address the inequity in the COLA funding, Congressman Bright co-sponsored the Consumer Price Index for Elderly Consumers Act last summer. Specifically, this legislation will use the Experimental Consumer Price Index for Americans 62 Years of Age and Older (CPI-E) to calculate the COLA as opposed to the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W), which reflects the cost of goods and services for younger workers. The CPI-E, once completed and finalized as called for in this bill, will give seniors a more equitable and fair COLA that is actually based on their increased cost-of-living, such as rising health care and energy costs.

#### BACKGROUND ON THE COLA\*:

The annual Social Security COLA is determined automatically according to a formula which has been in the law since 1975. Because of a lack of sufficient economic growth (and correspondingly, little increase in prices) in 2009 and 2010, the Social Security Administration is likely to announce on October 15, 2010 that there will be no COLA for Social Security benefits for 2011. For the first time ever, the result will be a second consecutive year where Social Security retirees, veterans, and people with disabilities saw no increase in their monthly Social Security, Supplemental Security Income, Veterans Administration Disability Pension and Compensation, and Railroad Retirement benefits.

The current situation is a result of economic conditions, not Congressional action or inaction. The COLA is determined by comparing the level of inflation from the third quarter of the current year to the year prior. If positive, then the difference is applied to benefits the following January. The spike in energy costs in the summer of 2008 resulted in a COLA of 5.8 percent, paid starting in January, 2009. Prices dropped in the fall of 2008, and have not yet regained the level of the third quarter of 2008.

\*Source:  
Ways and Means Committee.